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FISCAL IMPACT STATEMENT

LS 6198

BILL NUMBER: SB 51

NOTE PREPARED: Nov 9, 2003

BILL AMENDED:

SUBJECT: Municipal Utilities.

FIRST AUTHOR: Sen. Landske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides that a municipality having a municipally owned utility may not tax property to pay bonds issued for purposes related to the utility unless the property is served by the municipally owned utility.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Property taxes assessed by a municipal utility for the repayment of bonds are currently assessed on all parcels within the geographical region in which that utility operates, whether or not that utility actually provides services to a particular parcel. This bill would allow the assessment of the utility's property tax only on those parcels actually receiving the service. This would require the municipally owned utility to identify to the county auditor all parcels served by the utility; the county auditor would then assess the tax on those parcels and not on the parcels not served by the utility. These tasks would incur some data processing costs for both the utility and the county auditor, but they cannot be estimated.

Section 2 of this bill suspends this limitation on property to be taxed if the tax is collected to redeem a bond issued under IC 80-1.5-2-16 before July 1, 2004, if bondholder rights would be impaired. The reduction in the total assessed valuation of the property to be taxed in order to redeem a bond is likely to be deemed an impairment of a bondholder's rights, and this limitation would not apply to bonds issued before July 1, 2004,

under IC 80-1.5-2-26 unless bondholders agreed to the changes.

Explanation of Local Revenues: This bill would not change the property tax levy received by the municipally owned utility, but would shift taxes from property owners not served by the utility to those being served by the utility. The amount of the tax shift cannot be estimated.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Municipally owned utilities; County Auditors, Assessors, and Treasurers.

Information Sources:

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